

# State of top 6 Thailand banks 2023



# Market Overview



- The top 6 Thai banks held assets worth ~> **USD 577 billion** in 2022.
- Fee-income to revenue contribution is at an average of **8% - 27%** in 2022
- The digital economy in Thailand is expected to reach **~USD 53 billion** by 2025.
- Digital payments in Thailand totaled a gross transaction value of **~USD 113 billion** in 2022.
- ICT spend to revenue is on average **9%** for the top 3 Thai banks.
- Kasikorn bank reported the highest ICT spend to revenue at **~10.1%** in 2022.



## Banks in Thailand today

- **Twimbit Purpose Index**
- **OPEX Sustainability**

# Twimbit Purpose Index

Companies need to serve a purpose beyond just shareholder value. The Twimbit Purpose Index aims to help Asia's leading corporations migrate to the desired state of being purpose driven organizations.

Every organization (including every bank) should strive to serve all its stakeholders in equal measure:

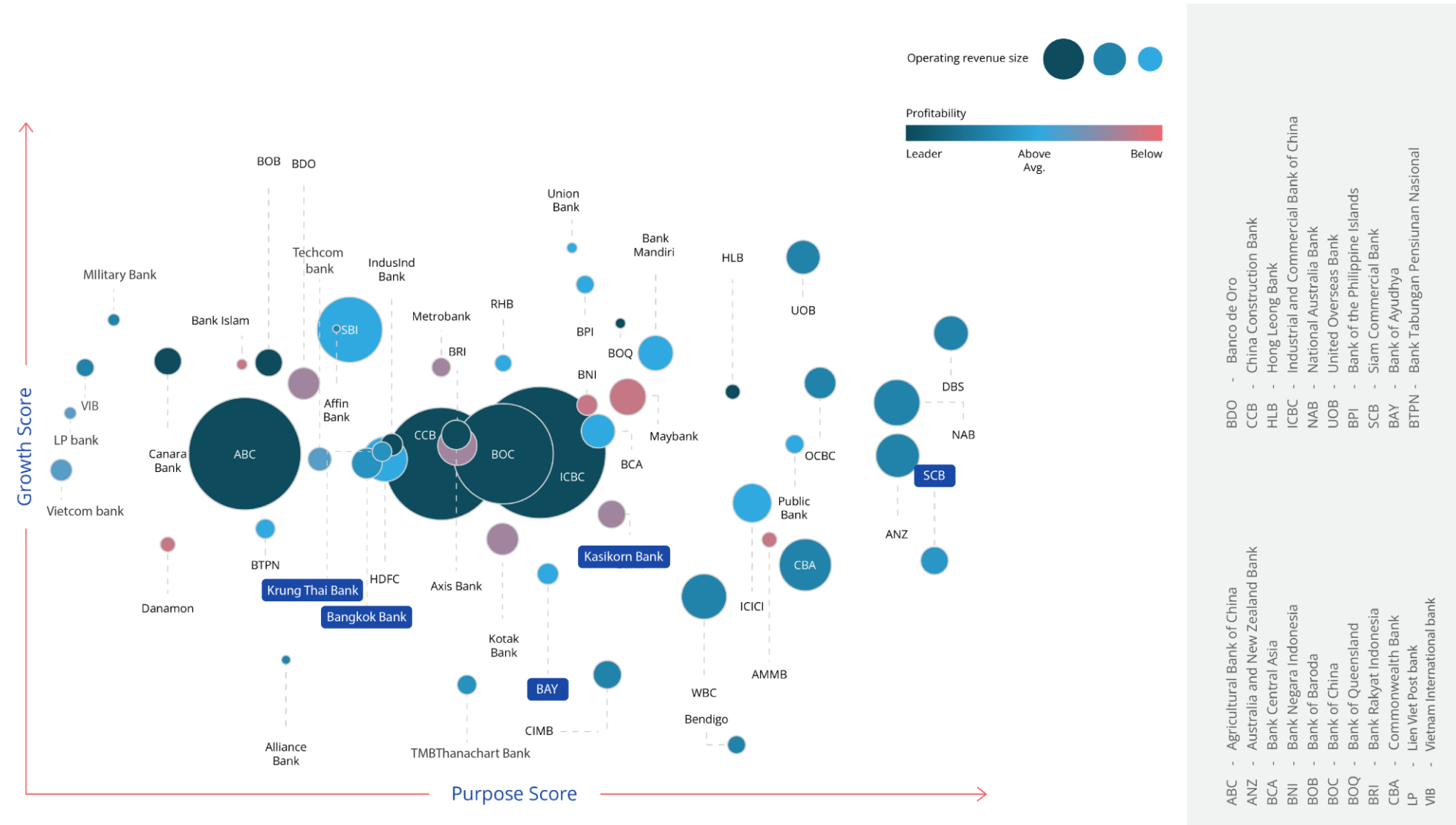
- **Shareholders**
- **Customers**
- **Partners /Suppliers**
- **Planet / Society**
- **Employees**

Benchmarking the leading banks across these five pillars helps provide a strategic perspective on how banks can win the market through purposeful growth opportunities arising in 4 areas:

- **Customer experience**
- **Employee experience**
- **Supplier satisfaction**
- **ESG impact**



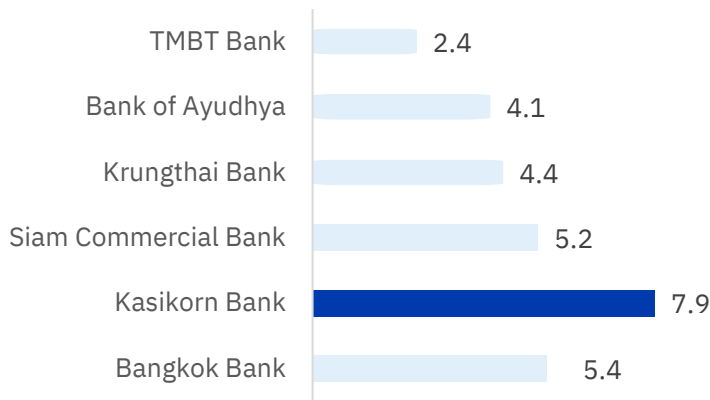
# Banks in Thailand vs the best-in-class APAC Banks



Source: Twimbit analysis

# Average revenue growth by banks in Thailand

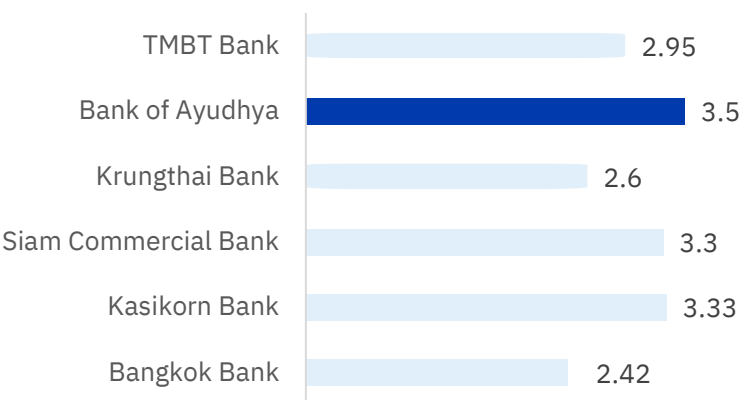
Group Operating Revenue (USD Bn), 2022



8.87%

APAC Y-o-Y average growth

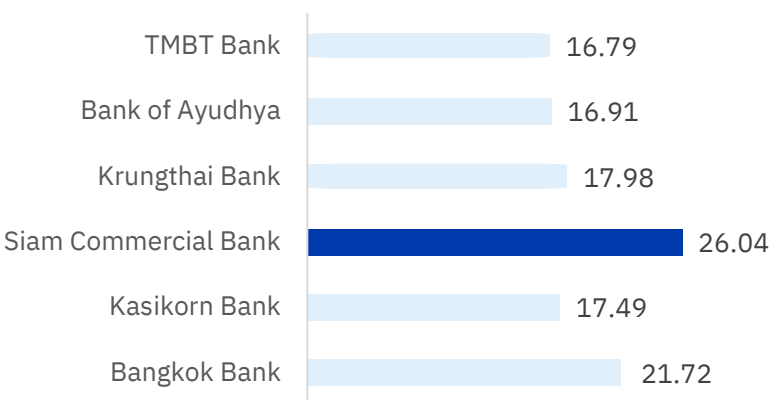
Net Interest Margin (%), 2022



2.50%

APAC average

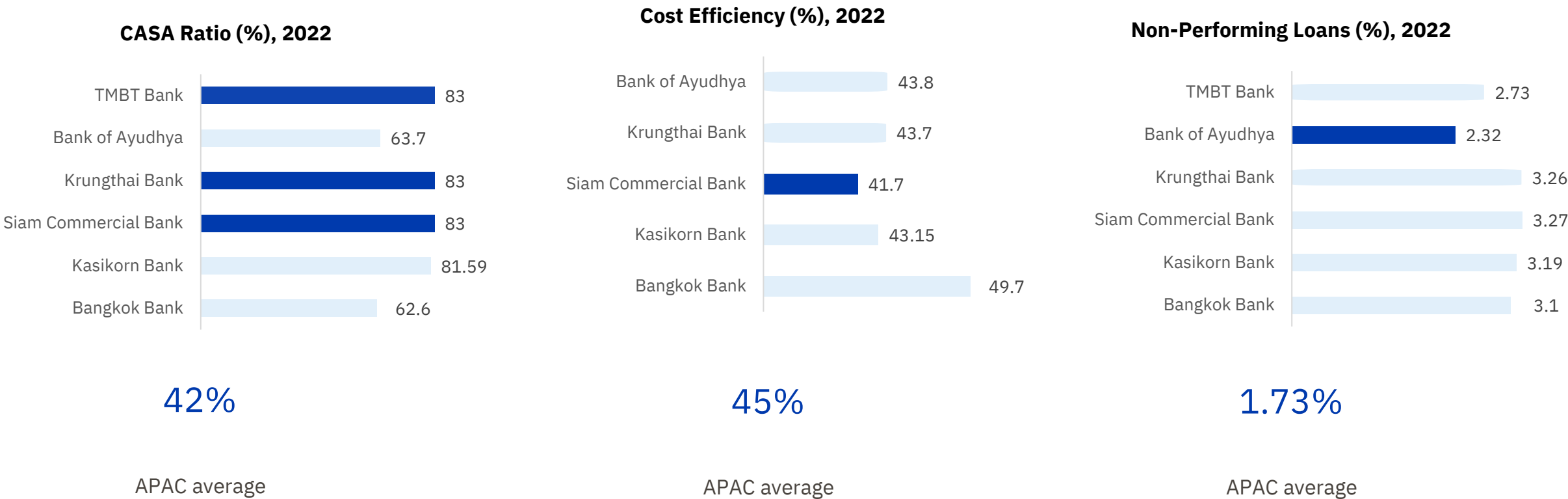
Fee Income to Revenue (%), 2022



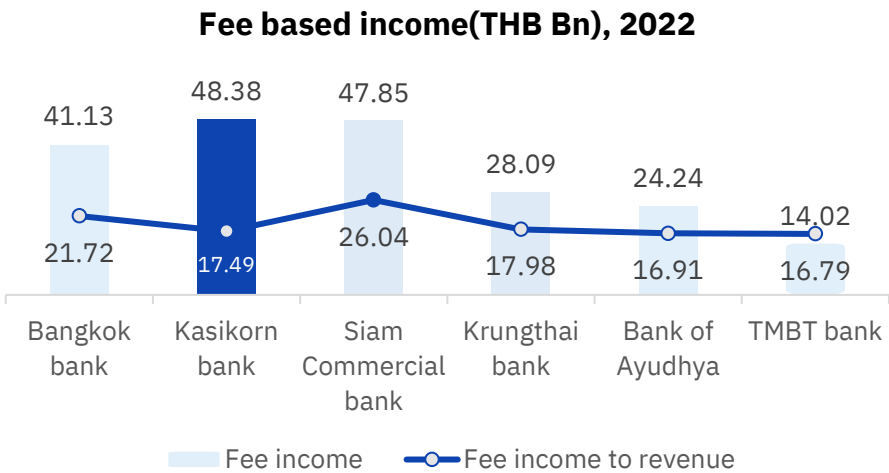
13.66%

APAC average

# CASA and cost efficiency puts pressure on operational performance



# Banks in Thailand derive future growth from fee-based income via digital adjacencies



**27% of SCB’s fee-based income comes from its digital channels (THB Mn)**

Fee based income	2021	2022
Acceptances and guarantees	1,523	1,448
ATM, Debit cards, Credit Cards and other banking electronic channels	11,137	12,932
Insurance commission and bancassurance related income	13,332	13,426
Fund management fee	7,026	5,263
Domestic and foreign fund transfer	5,334	4,551
Others	12,004	10,233
Total fee-based income	50,356	47,853

Source: Company Websites and Reports, Twimbit analysis  
Note: Fee income shown for SCB due to highest % contribution to revenue



## Banks in Thailand today

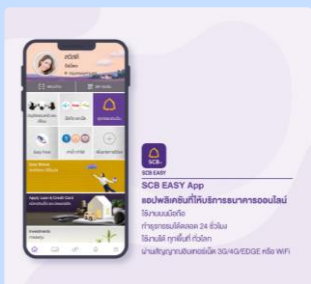
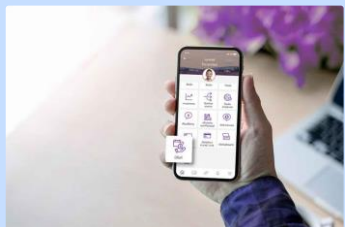
- **Twimbit Purpose Scores**
- **Best practices by Thailand's top banks**

# Twimbit Purpose Scores for top 6 banks in Thailand





## CX Initiatives



### RACEF solution (Real-time analytics and customer-experience feedback)

- Harness big data and AI to offer detailed insights across various touchpoints (branches, call centers, and mobile apps).
- Effectively enhance the customer experience through diverse data source integration for faster and reliable services.

### Digital innovation

- Foster ecosystems, engage high-value customers, and create innovative platforms like "Home 360," "SCB Auto solutions," and "Auto sales tool."
- Facilitate cross-border payments, expand banking agents and improve e-KYC coverage.

### SCB Easy

- Offer a wide array of financial services including investments, insurance, card services, and transfers to bill payments.
- Leverage AI to assist in query management, account monitoring, and reward optimization programs.
- Incorporate a unified data system to empower customers to efficiently manage their budgets and finances.



## EX Initiatives



### Data-driven strategic workforce planning

- Employ Microsoft's Power BI for People Analytics and enable data-driven HR decisions.
- Encompass various factors such as headcount movement, learning, resignation analysis, and real-time dashboards.
- Identify talent, mitigate risks, and align workforce planning with organizational objectives.



### HR on mobile

- Provide employees the convenience of updating personal information and raising requests through a mobile HR platform.
- Include personal information updates, leave requests, goal and KPI setting, salary slip viewing, internal job searches, and more.

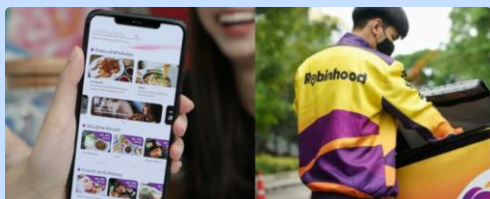
### Employee engagement

- Foster an 'appreciation culture' among employees through the 'Wan-La-Nid' online platform.
- Gamify techniques to offer high-value engagement activities that includes learning modules, internal events, and general management tasks.
- Optimize activities that ensure effective long-term employee engagement through periodic comprehensive reviews.





## ESG Initiatives



### Sustainable finance

- The FINNIX app is a nano-finance service designed to improve liquidity for freelancers, low-income customers and small entrepreneurs.
  - The app provides them with 24/7 digital loan services with approval in only 5 minutes.
- SCB SME Academy serves community development and shares business know-how to uplift the digital capabilities of SMEs
- SCB also established SCB Global Clean Energy fund and other ESG linked green products.

### Social impact

- Robinhood is a lifestyle non-profit superapp built specifically to give back to society.
  - Help small restaurants expand their online sales opportunities
  - Create job and wage gains for delivery personnel
  - Allow shop owners easier and quicker access to loans
- Launched digital learning platforms for consumers, youth scholarships, blood drives, etc.

### Environmental impact

- SCB climate risk assessment taskforce studies and assesses climate change risks across the bank's portfolio.
- Reduced greenhouse gas emission (960,000 million tons - 20%), energy and water consumption (19% and 33%, respectively).



## CX Initiatives



### Omni-channel experience

- Integrated service channels like K PLUS (mobile banking app), KBank website, branches, LINE official Account, Call Center, and KBank Live (social media) for a seamless experience.
- Linked K Plus with partner platforms for customers to redeem rewards and convert K PLUS points to create greater reward plans and stronger service flexibility.

### K-contact centre

- Enhanced the contact centres with non-voice options, secure internet voice calls via K PLUS, and a smart agent portal to streamline operations and boost service efficiency.
- Prioritized swift complaint resolution, first-call solutions, and employee empathy skills for superior customer experiences.

### Partnerships

- Embraced data-driven collaborations with AI to enhance customer services and operational efficiencies across its business lines.
- Partnered with Lazada to introduce MADFUND on the Lazada Sellers Centre app to offer e-commerce traders financing support via K PLUS for real-time loan applications and instant drawdowns.
- Adopted a multi-channel services approach and forged leading partnerships with Grab, Facebook, LINE, Lazada, Shopee, Central JD FinTech, JD Central, and PTTOR.





## EX Initiatives

**Work that FITS**

- Prioritise flexibility and work-life harmony with a hybrid-work format.
- Promote a collaborative, innovative, and agile work culture, reduce workplace hierarchy and emphasise leadership values.
- Provide flexibility in working hours and locations, foster employee trust, and ensure secure data systems for greater customer-oriented outcomes.

**KONNECT+ app**

- Offer a comprehensive range of employee benefits provided by Kasikorn Bank physicians that are accessible through the app.
  - Telemedicine services and annual health checkups
  - Mental health support via the "OOCA" platform
  - Fitness facilities

**Financial assistance**

- KBank provides diverse loan options to employees including home, car, education, and medical treatment loans.
- Employees also benefit from various funds like the provident, compensation, social security, and cremation welfare funds.
- Financial assistance is also given for retirement, children's education, and maternity leave at 98 days with full wage payment, exceeding the standard regulatory requirement of 45 days.



## ESG Initiatives



### AFTERKLASS Project

- AFTERKLASS is an online education platform focused on financial literacy, business startups and learning skills.
- Offers three 'Klasses':
  - Biz Master focusing on trade, savings, investment tips for young people
  - Smart Society for learning skills enhancement
  - Play Yard covering various activities and future living skills
- Introduced an additional GO GREEN TOGETHER Klass to fulfill the bank's ESG criteria.
- Features banking systems, simulators, games, quizzes, and financial knowledge for participating youths.

### Nan Sandbox Project

- Nan Sandbox is a public-private initiative tackling deforestation in Nan.
- Aims to resolve land-use issues, encourage eco-friendly livelihoods for local farmers, and improve the quality of life through forest rehabilitation and fair land allocation.

### Ethical conduct

- Conducts comprehensive orientation sessions for new directors, emphasizing roles, policies, and codes of conduct via electronic systems and LINE KONNECT+.
- Provides regular training and assessments to ensure understanding and compliance among employees and suppliers, fostering responsible business practices.



## CX Initiatives



### Seamless authentication solutions

- Implemented the National Digital ID (NDID) to enhance interbank digital identification services, enabling better customer assistance during transactions.
- Introduced biometric technology for identity verification during new application registration, as well as expanded its usage for customer actions like changing phone numbers and PIN codes when returning to use KMA, providing enhanced convenience and security.



### Customer Experience Management Division

- Established the 'Customer Experience Management Division' responsible for collecting and analyzing customer feedback from various channels, including surveys, frontline staff, and social media.
- Facilitates staff feedback and promotes internal cooperation to enhance operational and service processes.
- Insights are used for product and service development planning and presented to the 'Customer Experience Council (CXC)' for further action.



### Ease of payments

- Partnered with Max Solution Service Co., Ltd. to launch the 'e-Wallet by Max Me' app.
- Offers convenient services for dining, travel, shopping, and payments.
- Provides a secure payment system for top-ups, payments, and fund transfers within the app's business ecosystem.

## EX Initiatives



### Innovation hub

- Launched the Krungsri Innovation x Chiang Mai in October 2022 and is the first innovation hub in Chiang Mai.
- Aims to be a knowledge center for the tech community to develop innovative digital financial solutions and drive Thailand's digital economy goals.
- Creates job opportunities and supports local communities through cooperation with universities and local startups.

### Learning and Development

- Provides diverse learning programs such as executive development programs like 'TRANSCEND' and 'TRANSITION' to upskill and reskill employees.
- Some of the programs are:
  - The Krungsri School of Data program develops data skills and promotes a data-driven culture.
  - The Krungsri School of Digital and Tech program enhances digital and technology skills.
  - The People Manager 101 program empowers supervisors to drive team performance and compliance culture.
  - People Manager's Toolkits provide resources for effective team management and a positive work environment.



## ESG initiatives



### Krungsri 'Carbon Neutrality Vision'

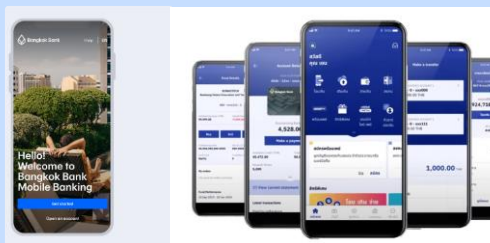
- Aligns with the UN Sustainable Development Goal 13 and Thailand's NDCs that pledge carbon neutrality.
- Aims to decarbonize bank operations by 2030 and financial services by 2050.
- Undertook the Carbon Footprint for Organization (CFO) evaluation to measure emissions at Head Office, Ploenchit Office, branches, and 14 subsidiaries.
  - Evaluation adheres to international standards, endorsed by Thailand's Greenhouse Gas Management Organization.

### Social projects

- Engages with the community on financial literacy support, social and community development initiatives, art and cultural preservation efforts, and environmental projects.
- Provides financial support for scholarships, disaster relief, and donations to public benefit organizations.
- Krungsri's 'Breast Cancer Awareness' project, which launched in 2010, supports public health strategies through activities like expert-led breast self-examination training and mobile mammography units.
- In 2022, activities resumed to raise awareness, educating health volunteers and reaching 100 individuals in various public health service centers.



## CX initiatives



### Branch transformation initiatives

- Conducts Mystery Shopping bi-annually by utilising disguised clients to assess branch operations, staff service, product knowledge, and adherence to market standards.
- Performs Service and Sales Quality Roleplay (SQR) exercises bi-annually to evaluate staff comprehension of various products and ensure alignment with the bank's standards and market guidelines.

### Mobile banking app

- Introduces online account openings for various services like e-savings, mutual funds, and securities trading.
- Offers self-service features allowing users to manage personal information, request account statements, and control credit card services 24/7.
- Enables digital debit card registration, loan applications, and life insurance purchases.
- Introduced Be1st Smart Rabbit LINE Pay with cute characters for contactless payments and gamification techniques to enhance campaigns like "Reeb La – Reeb Laek" for quick rewards.

### Contact centre

- Offers extensive financial services through automated systems and staff assistance, enabling customers to conduct various transactions, inquire about account activities, balances, and make payments or transfers.
- Provides authentication services through Citizen ID, Telephone PIN, and mobile SMS OTP for greater customer engagement and support.



## EX initiatives



### Initiatives for retired employees

- Provides retiring employees with provident fund management, investment policies, and post-retirement financial planning.
- Grants special allowances and healthcare benefits such as lifelong medical treatment, social clubs and financial assistance through dedicated funds for critical needs.
- 60 Young Wow project offers opportunities for healthy retirees to work in the call center, fostering income generation and value creation for both the bank and customers.

### Succession programs

- Runs a specialized executive succession program for future roles like BRMs, ARMs, and SROs in commercial and business banking divisions.
- Focuses on leadership, business relationships, and credit skills, utilizing mixed learning approaches with real-world problem-solving.
- Includes 70% virtual classroom sessions, 20% self-study, and 10% innovative methods, preceded by individual assessments to customize development plans.

### Medical care programs

- Offers free healthcare center access at specific offices, reimbursement for medical and dental costs, and referral letters for hospital treatments.
- Additional support includes mental health counseling, psychologist-led stress management sessions, and regular dissemination of health-related knowledge through internal communication channels for employee well-being.



## ESG initiatives



### Framework for credit underwriting with ESG risk assessment

- Implemented a credit underwriting framework encompassing ESG considerations.
- Includes ESG risk and impact assessment tools for credit officers to ensure responsible lending policies for business and personal loans.

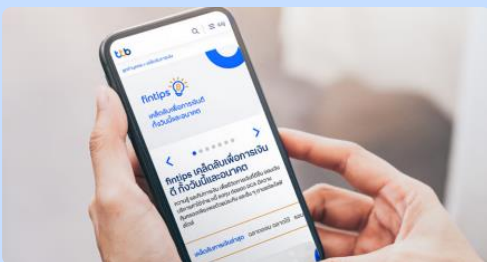
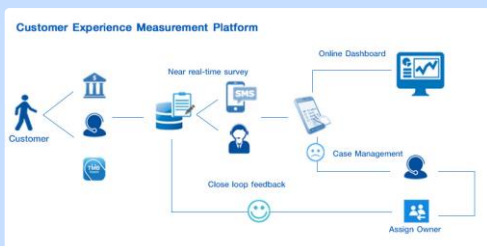
### Sustainable finance

- Collaborated with multiple agencies to integrate sustainable banking principles into its operations.
- Joined the Thai Bankers' Association in issuing an ESG Declaration, providing guidance to the banking sector on addressing ESG concerns and steering Thailand's economy toward sustainability.

### ESG in supply chain

- Introduced a supplier code of conduct mandating adherence to various human rights, labor, community, personal data, and intellectual property standards.
- Regular monitoring ensures supplier compliance, and the bank offers guidance to align with the code.
- Human rights compliance is integral to the bank's ESG assessment, serving as a criterion for supplier participation in procurement and assessing risks associated with key suppliers.

## CX initiatives



### CXM platform

- Prioritises CX Management by employing real-time NPS and CX Index metrics across contact centers and digital channels to tailor individualized journeys.
- Uses a CX framework focused on insights, design, delivery, measurement, and culture to continually enhance customer interactions via a proactive CXM platform.

### TTB Touch

- Utilises innovative "humanized digital banking" and AI for more hyper-personalised services.
- Focused on getting 80% of non-financial services fulfilled via digital offerings.
- Provides comprehensive digital experience, personalized notifications, branch-like services, consolidated rewards, and even non-banking solutions like car management.

### Financial literacy ecosystem

- Introduced a suite of financial literacy programs:
  - fintips for Gen Y
  - fin live & learn for employee training
  - finbiz for SMEs
  - fintools aiding personal finance planning
- Integrated these programs into a unified financial literacy ecosystem for diverse customer groups and life stages.

## EX initiatives



### Employee well-being

- Covers various health initiatives ranging from stress management, health and wellness, personal development, and financial planning.
- Launched a psychotherapy program in 2022 to support and enhance employee well-being.
  - Schedule private sessions directly with qualified counselors to receive confidential and anonymous support.

### TTB Awards (Recognition program)

- Hosts an annual in-house competition recognising employees' innovative initiatives and bank performance in six areas.
- In 2022, 6 awards were granted to teams showcasing significant impacts across distinct criteria, involving over 730 employees from 73 teams.

### TTB leadership program

- Introduced a leadership program aimed to develop team leads and heads, enhancing skills in leading teams and change management.
- Aims to create skilled workforces across 6 dimensions: customer dynamics, results execution, risk management, change leadership, team management, and business leadership



## ESG initiatives



### Youth aimed initiatives

- Fai-fah Learning Centers empower youths aged 12-17 with art and life skills.
- Includes a specialized center in Nonthaburi for children with hearing impairment.
- The Tae Young Thai project engages nationwide youth in preserving Thai identities through contests.
- Project Fun for Fin fosters financial literacy such as smart saving behaviors among community children.

### Community engagement initiatives

- Launched 27 Fai-fah for community projects involving 3,149 volunteers, benefitting 41,523 residents.
- Ar-Sar Chuay-Kan-Tam program facilitated over 20,000 contributions to communities.
- Supported The Thai Red Cross Society by selling 220,000 Red Cross lotteries, offering prizes like a Mercedes-Benz C220d Av sedan and gold bars.

### Cultural initiatives

- Garuda Museum, showcases over 150 Garuda statues, aiming to preserve Thai heritage.
- Charitable donations from the 'Royal Kathin Robe Presentation' exceeded 22 million baht (USD 0.6 million) in 2022 benefiting various charities, schools, and hospitals.

## CX initiatives



### Ecosystem banking

- Established products and services in 5 key connected ecosystems: government agencies, payments, healthcare and wellness, education, and mass transit.
- Aims to create new innovations to meet their customers' growing demands.

### WE CARE initiative

- Gathers instant feedback from customers via QR codes, foster employee morale, and incentivise exceptional service by identifying top-performing staff as "WE CARE Champions."
- Boosts customer satisfaction and improve service levels.

### Payment innovation

- Launched various payment solutions such as:
  - Krunghai NEXT, a comprehensive app
  - Paotang Pay, an evolving super wallet with QR payments
  - Pao Tang Application for digital bond trading
- Krunghai Gold Wallet and PointPay for Thung Ngern Stores aim to simplify gold investment and facilitate cashless payments using accumulated points, respectively, fostering convenience for customers.

## EX initiatives

**ONE Krungthai app**

- A super app comprising various work-related functions that align with employees' modern lifestyle.
- Gamifies banking activities, offers badges and coins for rewarding prizes.
- Enhances communication and boosts engagement among employees by incorporating gamification principles.

**KM Transformation**

- Established a Knowledge Management (KM) Committee comprising representatives from various groups, appointing KM Agents and developing KM Experts as trainers.
- Fosters a culture of continuous learning, enabling the transfer of crucial knowledge through sharing sessions.
- Training programs on KM were conducted for key personnel to systematically manage knowledge, promoting a sustainable learning culture that adds value for employees, customers, and stakeholders.

**Training programs**

- Focus on 3 core areas:
  - Functional skill development (credit knowledge, product sales)
  - Bridging skill development (data management, innovation through hackathons)
  - Digital skill enhancement (AI, data analytics, cybersecurity, and digital transformation)
- Aim to upskill and reskill employees across roles to meet evolving industry demands

## ESG initiatives



### Biodiversity finance initiative

- Partnered with UNDP and Raks Thai Foundation for the "koh tao, better together" project under the biodiversity finance initiative.
- Raised funds to support boat drivers, marine debris collection, environmental conservation and the restoration of marine ecosystems along the coastline.

### Trading platform for “carbon credit”

- KTB and InterOpera - Singapore have forged an MOU for the BIS-UNFCCC Project Genesis 2.0 (Carbon Credits & Green Bonds).
- Aims to build a prototype for an international carbon credit trading platform, striving to decrease the expenses related to greenhouse gas emission reduction.
- Targets international carbon credit trading, aiding in achieving emission reduction goals on corporate and national fronts, fostering opportunities for Thai trade, and supporting entrepreneurs committed to transparent and responsible pollution reduction.

### 'Krungthai RELIFE' campaign

- Focuses on fostering environmental consciousness among employees. Initiatives include the RELIFE Project with bottle recycling machines at the bank's headquarters and a ministry branch, converting plastic bottles into upcycled products.
- Includes the InnoWaste project which converts canteen food waste into soil.

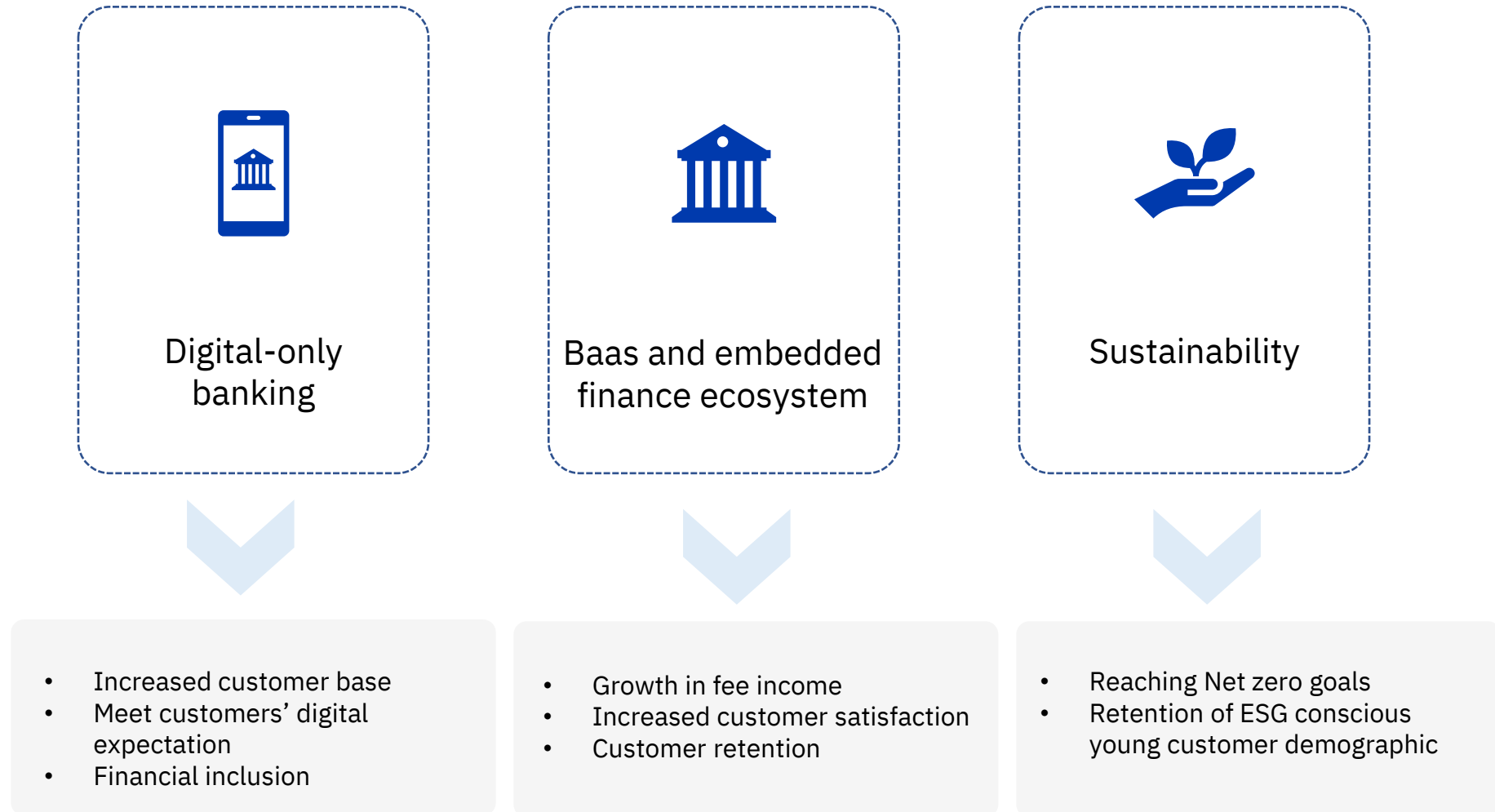


## Growth opportunities

- **Top 3 growth opportunities for Thai banks**



# Growth opportunities to be digital leaders of tomorrow



# Prioritise frictionless digital-only banking

## Current state

1. Digital banking offerings exist in the form of 'SCB Easy', 'KPlus', 'Krungthai Next', 'Bangkok bank mobile banking', 'TTB touch' and 'KMA Krungsri'
2. The Bank of Thailand aims to grant 3 virtual banking licenses by 2024.
3. SCB X is collaborating with Kakao bank to establish a consortium aimed at securing a virtual banking license
4. KTB also has plans to apply for the license in partnership with AIS and GED. Other traditional banks should also make plans for the same.
5. KBank plans to turn its mobile app into a purely digital bank and apply for a virtual banking license from the Bank of Thailand.

## Future state

1. Increase the penetration of young digital natives and unbanked(18%) or underbanked (45%) populations for greater financial inclusion
2. Tailor financial services for underserved segments with insufficient financial history to increase customer bases and revenue growth.
3. Prioritise seamless, fast, and secure digital interfaces for superior user experiences to better align with customers' digital lifestyles.
4. Promote healthy competition with innovative financial services, greater accessibility, and enhanced product quality and prices for better customer convenience

# Expand BaaS and embedded finance ecosystem offerings

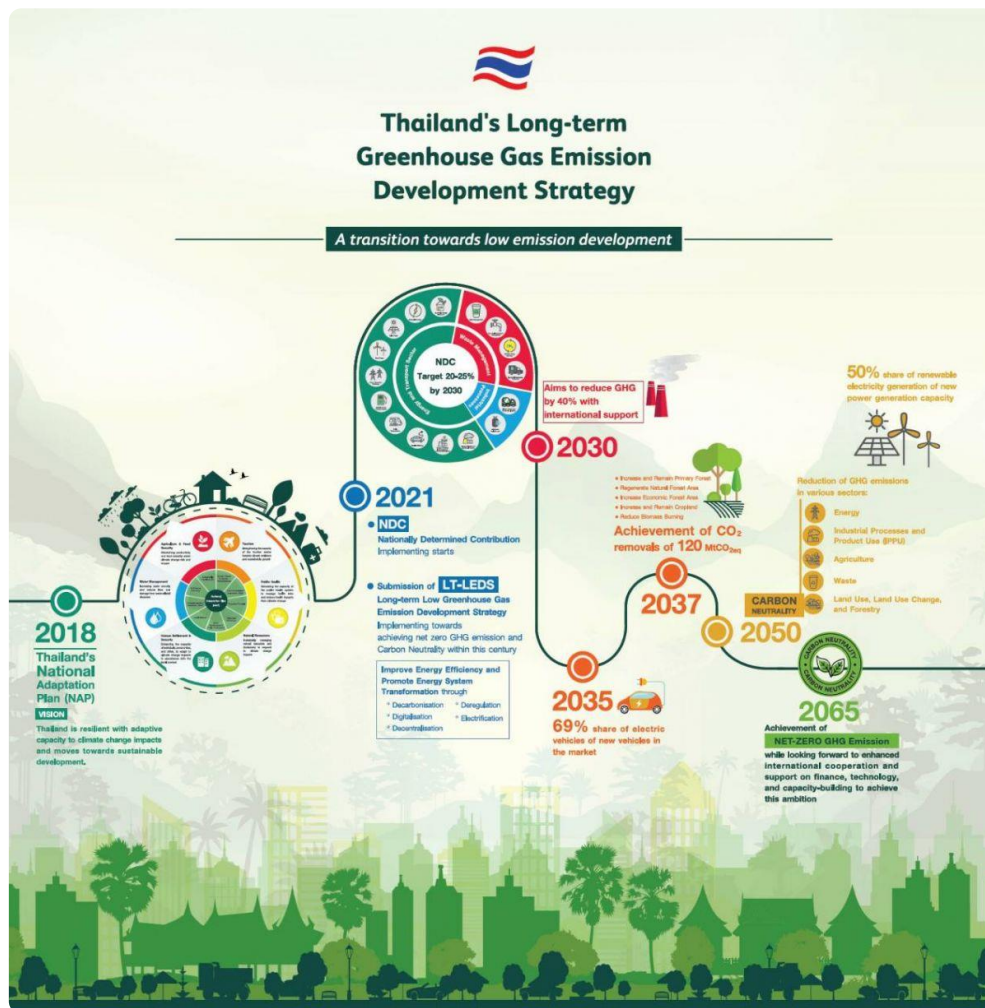
## Current state

1. Bangkok Bank, KBank, BAY, TTB and SCB have moved towards Open Banking. They have APIs in place for loan origination, payments, identity sharing, authentication and slip verification.
2. KTB has created 5 key ecosystems: government agencies, payments, healthcare and wellness, education, and mass transit.
3. There has been very little regulatory conversation about Open Banking in Thailand and to date, regulators have not initiated any frameworks or regulations. There is room for financial service providers to experiment through Bank of Thailand's regulatory sandbox.
4. Thailand has an unbanked population of ~18% and underbanked population of ~45%. Most of the underbanked and unbanked population consist of lower income consumers or SME businesses operating outside the banking system.

## Future state

1. Embedded finance offers banks a chance to increase fee income by harnessing non-financial partners' customer reach to provide customized solutions, new revenue streams and reduced acquisition costs.
2. Banks can drive financial inclusion through expansion of their BaaS and embedded finance solutions. The solutions can be:
  1. An integrated, end-to-end, retail lending solution( for mortgage, automotive, education, etc.) covering all facets of loan lifecycle from sourcing to disbursement for all kind of customers. It can be a unified interface for customers, third party providers and sourcing channels.
  2. Leverage alternative data sources and innovative credit scoring methods to assess creditworthiness beyond traditional banking criteria. They can then introduce microfinance programs and tailored SME lending initiatives providing loans with flexible terms and reasonable interest rates to promote entrepreneurship.

# Sustainability and ESG integration



- Thailand has set its sights on achieving net-zero emissions by 2065 and is estimated to require significant annual investments.
- Banks can put their net-zero strategies into action by incorporating tools, practices, and capabilities.
- Banks in Thailand have integrated many sustainability practices in their operations to reduce energy consumption and carbon emissions.
- Some of the other initiatives they can introduce in their practices can be to:
  - Establish digital hubs like DBS LiveBetter and offer eco-friendly tips.
  - Provide donation options for green causes, investment opportunities in sustainable funds, and a carbon footprint calculator to offset emissions.
  - Emulate ANZ's eco-friendly branch designs using sustainable materials and adaptable technology for cost-effective branch remodeling and reuse.



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